

FINAL
Signed:

MINUTES

MONTANA SENATE
56th LEGISLATURE - REGULAR SESSION

COMMITTEE ON PUBLIC HEALTH, WELFARE AND SAFETY

Call to Order: By **CHAIRMAN AL BISHOP**, on February 8, 1999 at
3:10 P.M., in Room 410 Capitol.

ROLL CALL

Members Present:

Sen. Al Bishop, Chairman (R)
Sen. Fred Thomas, Vice Chairman (R)
Sen. Sue Bartlett (D)
Sen. John C. Bohlinger (R)
Sen. Chris Christiaens (D)
Sen. Bob DePratu (R)
Sen. Dorothy Eck (D)
Sen. Eve Franklin (D)
Sen. Duane Grimes (R)

Members Excused: Sen. Dale Berry (R)
Sen. Don Hargrove (R)

Members Absent: None.

Staff Present: Susan Fox, Legislative Branch
Martha McGee, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 224, SB 359, SB 364,
1/26/1999
Executive Action: None

HEARING ON SB 224

Sponsor: SEN. TOM KEATING, SD 5, Billings

Proponents: Joe Mazurek, Attorney General
David Mihalic, Governor's Office
Mona Sumner, Rimrock Foundation
Larry Epstein, Gambling Advisory Council
Ellen Engstedt, Don't Gamble With the Future
Rann Cook, Compulsive Gambler, Kalispell
Bob & Robin Cook, Parents of Rann Cook
Leanne Schillinger, Compulsive Gambler, Great Falls
Dennis Casey, Gaming Industries Association
Roland Mena, Department of Public Health & Human
Services
Colleen Murphy, National Association of Social
Workers
Andrea Merrill, Mental Health Association
Sharon Hoff, Montana Catholic Conference
Kelly Hubbard, Montana Senior Citizens' Association
Gloria Hermanson, Montana Psychiatric Association
Mary McCue, Montana Clinical Mental Health
Counselors' Association
Betty Waddell, Montana Association of Churches
Sami Butler, Montana Nurses' Association
Mark Staples, Montana Tavern Association
Ronna Alexander, Powerhouse Technologies
Ronda Carpenter, Montana Coin Machine Operators
Association
Jerry Driscoll, Montana Independent Machine
Operators Association

Opponents: None

Opening Statement by Sponsor:

SEN. TOM KEATING, SD 5, Billings, said when Montana established a gambling industry in 1989, statute 23-5-110 provided the policy to promote programs necessary for assistance to those who were adversely affected by legalized gambling, including compulsive gamblers and their families. The purpose for **SB 224** was to establish a program in compliance with the policies established in 1989. The study commission revealed that about 80% of Montana's population was gambling one way or another, and about three to four percent of those became addicted, or pathological, gamblers. To put it another way, out of Montana's population of 900,000, about 26,000 would become pathological gamblers. When their families were added, about 100,000 people would be adversely affected by gambling.

The second section in **SB 224** established a prevention and treatment program, while the third section showed the mandated programs. The last section allowed the Department to establish rules and regulations for governance.

He said the program would be funded from the state's special revenue, which was taken from the license fees paid by gambling businesses. The money in that account never got to the General Fund, i.e., this bill had no effect on the General Fund monies. If unused, the revenue in the special revenue account remains for such purposes.

Proponents' Testimony:

Joe Mazurek, Attorney General, strongly urged support for the bill because Montana's people were owed the establishment of this program. To its credit, the gaming industry had an "800" line for referring people to Gamblers Anonymous, but those who needed to be reached were not being reached. Some of the money made from the gaming industry needed to be spent to support people with gambling problems.

David Mihalic, Governor's Office, said Governor Racicot supported the bill and reiterated the funding was in the executive budget.

{Tape : 1; Side : A; Approx. Time Counter : 5.6}

Mona Sumner, Rimrock Foundation, read her written testimony **EXHIBIT** (phs31a01).

{Tape : 1; Side : A; Approx. Time Counter : 11.7}

Larry Epstein, Gambling Advisory Council, said he was pleased to see all entities pulling in the same direction to support the bill. He said two years ago, the Council voted unanimously to support the idea and today it was back urging its forward movement. The Council was charged with studying all aspects of gambling and this bill needed serious addressing. He reported a broad consensus in Montana indicated something had to be done; in fact, prosecuting attorneys were finding a large part of their caseload dealt with gambling addiction, such as "white-collar" crimes, bad checks, thefts from employers, elder abuse, etc. He asked for Committee support.

Ellen Engstad, Don't Gamble With the Future, read her written testimony **EXHIBIT** (phs31a02).

Rann Cook, Private Citizen, gave his personal story of gambling addiction. He grew up on Flathead Lake and was very involved in

Flathead High School activities, and graduated with distinction. He enrolled as a freshman at MSU-Bozeman, but during that year had panic attacks, lost his self-confidence and his passion for life. He dropped out of college and became a compulsive gambler who played the Keno machines from 8 a.m. until 2 a.m. He spent everything he owned, borrowed from his parents and lived in a car. In other words, he was saturated with the addiction for the past four years; in fact, he had a 10-year sentence for theft and forgery charges. He admitted it was his choice to gamble, but once he put a quarter into the machine, he was powerless to stop. He suggested programs be developed which would provide life skills training for people who were not comfortable with themselves, as well as for people who needed some type of medication. It was his opinion indulgences sprang from people's bad feelings about themselves, and a way had to be found to combat that. Gambling was an expression, not the problem itself, because people dealt with a lot in their lives. Gamblers needed support, guidance and empowerment; therefore, money needed to be available for some type of help.

{Tape : 1; Side : A; Approx. Time Counter : 18.5}

Bob & Robin Cook, parents of Rann Cook, read their written testimony **EXHIBIT** (phs31a03).

{Tape : 1; Side : B; Approx. Time Counter : 0}

Leanne Schillinger, Compulsive Gambler, Great Falls, said over two years ago, she reached a point of desperation and looked for help to stop gambling. She located a private treatment center, which required a 30-day in-house program costing over \$6,000, and none of the costs would be covered by insurance. Problems facing compulsive gamblers was the lack of early intervention, and affordable solutions for this exploding social disease. Gambling surveys carried very little weight with her because most of the gamblers were in denial. When she visited with retailers who reported their business had decreased due to the agricultural economy, she told them the farmers were not spending that much less. She did notice, however, when she drove through town, there seemed to be more casinos, pawn shops, fast cash places, etc., than previously. Her answer to them was when gamblers spent their money (sometimes, their entire paychecks) in the casinos, they had nothing left to spend at the retail shops. There was also no way to make a distinction in the crimes which were committed because of gambling; however, they included fraud, embezzlement, bad checks, etc. When these crimes were reported, they were never identified as gambling-related, though there was a high percentage of relativity.

The bill would not cure the sickness overnight, but it would be a beginning. There were visible signs in a person who was thought to have a potential gambling problem, and children and teen-agers needed to be made aware of the gambling addictions. She said her first addiction came when she was a child, through "Space Invaders", "Pac Man", etc. She suggested one sign was how many hours a child spent playing "Nintendo", or could he or she take a two-hour drive without the "Game-Boy." At age 18, people could legally play the video games for money, and this could be done before they went to school. In fact, currently casinos had game rooms where, when parents were gambling, the children could get their first taste of the emptiness. In the future, this emptiness would be felt in their minds, souls and pockets. She asked passage of **SB 224**.

Dennis Casey, Gaming Industries Association (GIA), said the industry had a self-interest, and their image was tarnished by problem gambling. The gaming businesses were owned by Montanans who were concerned about the addictive gamblers. He claimed when the bill failed two years ago, it was a disappointment to all; therefore, the four gambling organizations established a 24-hour help line. They also were funding a new organization on problem gambling, which was in the process of identifying the providers who wanted continuing education. He said they were committed to those efforts and hoped to work with the state, which would be able to utilize their experience. They also hoped to continue funding the effort. However, **SB 224** was still needed, because they believed the state of Montana should determine who would provide treatment and who would receive the funding.

{Tape : 1; Side : B; Approx. Time Counter : 7}

Roland M. Mena, Department of Public Health and Human Services (DPHHS), said they supported the bill and submitted written testimony for the Committee's review **EXHIBIT**(phs31a04).

Colleen Murphy, Montana Chapter, National Association of Social Workers (NASW), read her written testimony **EXHIBIT**(phs31a05).

Andrea Merrill, Mental Health Association of Montana, read her written testimony **EXHIBIT**(phs31a06).

Sharon Hoff, Montana Catholic Conference, read her written testimony **EXHIBIT**(phs31a07).

Kelly Hubbard, Montana Senior Citizens' Association (MSCA), offered their respectful support.

Gloria Hermanson, Montana Psychological Association, said they stood in full support of **SB 224**.

{Tape : 1; Side : B; Approx. Time Counter : 13.8}

Mary McCue, Montana Clinical Mental Health Counselors Association & Montana Psychiatric Association, said they strongly supported the bill. They were very involved during the interim in developing the language of the bill to ensure licensed professional counselors, who were professionally trained to treat gambling addictions, would have the opportunity to provide the services.

Betty Waddell, Montana Association of Churches, said since the state of Montana authorized gambling, it had the responsibility for both the financial benefits and social costs. In other words, the state had an obligation to consider the results of its policy and to take actions to prevent or mitigate the effects of those policies.

Sami Butler, Montana Nurses' Association (MNA), said they supported **SB 224**.

Mark Staples, Montana Tavern Association, admitted gambling machines were wide-spread; however, those places where the machines were located fully supported the bill. He said this was the third time he had been involved with the bill, and offered a few reasons why it had not passed the other two. Opponents said people should be responsible for their own actions, yet in other spheres where people lost their actions, they had no problem intervening. That argument should be discarded, unless society said everyone was responsible for everything he or she did.

Another past problem was members of the treatment community fought among themselves as to who was or was not qualified. That gave those who were not sold on the idea, an opportunity to walk away and say they would not be involved until the treatment community could agree. He felt that argument was no longer valid.

The third reason was the funding; however, about \$420 million had been paid in taxes in less than a decade. None had been spent for treatment, even though it was part of the language of the bills which legalized gambling in the first place. **Mr. Staples** said each machine owner paid \$200 per machine, per year, in fees; however, neither of those monies should have been considered purely General Fund monies. Last session, it was proposed some of the interest on the tax money and fees should be used for the treatment; however, it ran aground because legislators said they

were General Fund monies. He submitted, however, they were General Fund monies only because they raided. Lest the issue that the funding source was not available ran adrift once again, it should be stressed it was solely, exclusively and specifically from the machine fees. He asked for a DO PASS.

{Tape : 1; Side : B; Approx. Time Counter : 21.8}

Ronna Alexander, Powerhouse Technologies, said they had long been involved in problems connected with compulsive gambling and they offered their support to **SB 224**.

Ronda Carpenter, Montana Coin Machine Operators Association, said they understood the need to help people with addiction, and felt it was right for both the state and the industry to "step up to the plate" to create a pathological gambling treatment program. They asked support for the bill and the appropriation system of gaming taxes to fund the program.

Jerry Driscoll, Montana Independent Machine Operators Association, said they needed help in treating their members because he did not know anything about treating people with problems. He hoped the bill would be passed.

Opponents' Testimony: None.

{Tape : 1; Side : B; Approx. Time Counter : 24}

Questions from Committee Members and Responses:

SEN. BOB DEPRATU commented Montana had gotten hooked on the income from the gambling industry and he was concerned. He wondered about the price tag of the funding, over a five or six-year period, i.e., was \$100,000 enough. **Roland Mena** said the commissioned studies had not made that projection; however, they could do that and get the report to the Committee later.

{Tape : 2; Side : A; Approx. Time Counter : 0}

SEN. CHRISTIAENS asked about the funding. **Joe Mazurek** said in the Governor's budget recommendation, it was \$100,000 the first year and \$200,000 the second year. The money would come from the gambling account, into which the fees were placed; however, the legislature had to appropriate the spending in regulatory activities. The subcommittee did not fund this in the initial round of the appropriations process. Therefore, it was in the Governor's recommendation, but at the subcommittee level, no motion was made to fund it.

SEN. CHRISTIAENS asked where DPHHS was in designing the training for the pathological gambling counselor. **Dan Anderson, DPHHS**, said at this point, they had not established the qualifications; however, they intended to do an objective study of those requirements, in order to have qualified people providing publically-funded gambling treatment. They planned to look at several national certification processes and determine which was best.

SEN. CHRISTIAENS wondered how it could be said for the past four years counselors had been trained, even though the qualifications were unknown. **Mr. Anderson** said there had been training which had been attended by chemical dependency counselors, social workers, etc., however, there was no determination of what the exact credentials should be for publically funded treatment.

SEN. CHRISTIAENS asked how they would know these trained people were qualified, if there were no standards. **Mr. Anderson** said numbers of people had national certification, but he, personally, was not in a position to judge whether they were or were not qualified. However, there was little doubt there were qualified practitioners in Montana. What had not been determined, however, was the exact criteria in order to receive public funding.

SEN. CHRISTIAENS asked if the 24-hour help line was a toll-free number and was told it was. **SEN. CHRISTIAENS** then asked why the bill would need to establish another. **Mr. Casey** said he and the Department had discussed rolling that over, because the posters and Yellow Pages advertising were already in place. In fact, the industry was willing to continue to pay for it during this biennium.

SEN. CHRISTIAENS asked if mental health parity in other states covered pathological gambling. There was nobody who could answer it, but several said they would look into it.

{Tape : 2; Side : A; Approx. Time Counter : 4.6}

SEN. DOROTHY ECK asked how it would be decided who would receive treatment for pathological gambling. **Roland Mena** said they would have to establish criteria, which would be based on severity of need.

SEN. ECK asked if they would likely give treatment to a person in prison for addiction, before giving it to another person who was not so deeply in debt. **Mr. Mena** said they would have to make the determination based on severity.

SEN. ECK commented it was her opinion the reason for the skepticism of the proposal was it did nothing more than scratch the surface. She wondered if he agreed. **Roland Mena** said it was inadequately funded and would not meet the needs; however, it would begin to set up the standards and requirements the first year and treat more people the second year.

SEN. ECK asked if in-patient treatment was best, or did out-patient treatment work also. **Mr. Mena** said there was indication that out-patient, coupled with after-care, was an effective method of treatment. In-patient treatment would be used to stabilize or address suicidal tendencies, etc.

SEN. ECK asked if adequate funding had been considered, or was it felt it would not be acceptable. **Larry Epstein** said funding was a big issue, and they tried to ensure it would not happen again. In other words, they were afraid adequate funding would lose support.

Dennis Casey said when he reported they would fund the help line through this biennium, he forgot to say the meeting schedules of Gamblers Anonymous had to be part of the information because many experts believed that was the best place to get treatment.

SEN. AL BISHOP asked about the numbers affected by addictive gambling. **SEN. TOM KEATING** said the report indicated that three to four percent of those who gambled would become problem, or pathological, gamblers. That percentage amounted to about 26,000 individuals, but when their families were considered, the number was about 100,000 who were adversely affected.

{Tape : 2; Side : A; Approx. Time Counter : 9.8}

Closing by Sponsor:

SEN. TOM KEATING said gambling was the outward manifestation of inner anguish, and needed to be addressed through treatment, i.e., it was not a self-help thing. Gamblers Anonymous was very helpful, because it could lead a person into some self-help, and it was efficient and cheap; however, most hooked gamblers needed some form of treatment. He stated this program could establish a continuum of care, where there would be interdiction at the early end. Then, perhaps folks, like the Cook family, could be helped with out-patient counseling, but would not need expensive in-patient treatment. He reminded the Committee they definitely heard the need of the program; in fact, **SEN. CHRISTIAENS** and he remembered trying, a few years ago, to set aside monies for treatment. The legislation never passed because people did not think treatment was necessary. **SEN. KEATING** stressed crime,

misery, pain and economic damage resulting from compulsive habits was far beyond any money which would be spent in setting up a treatment program. The amount, \$300,000, was a pittance in getting things started, and every dime spent would return a hundredfold. He asked the Committee to very seriously consider this, and he hoped the Finance and Claims Committee members would fight to get the financing. He reminded the Committee this bill did not build a bureaucracy, there was only one FTE, it was not a state-run program, but would be contracted into the private sector. He urged a DO PASS.

DISCUSSION ON SB 224

Motion: SEN. ECK moved that SB 224 DO PASS.

Discussion:

SEN. B.F. "CHRIS" CHRISTIAENS suggested, but was not sure, if SB 224 went to Finance and Claims, but did not pass the funding there, the bill would go to the Senate Floor without being passed by Finance and Claims.

SEN. EVE FRANKLIN said it would go to a Conference Committee.

SEN. AL BISHOP suggested SEN. ECK withdraw her motion until he got more information from the President of the Senate.

Substitute Motion: SEN. ECK withdrew her motion that SB 224 DO PASS.

{Tape : 2; Side : A; Approx. Time Counter : 15.7}

HEARING ON SB 359

Sponsor: SEN. EVE FRANKLIN, SD 21, Great Falls

Proponents: Joe Mazurek, Attorney General
Chris Tweeten, Department of Justice
Mark Staples, Montana Wholesale Distributors
Nancy Ellery, Department of Public & Human Services
Dennis Alexander, Montana Lung Association
Arthur Dickhoff, American Cancer Society
Kelly Hubbard, Montana Senior Citizens' Association

Opponents: None

Opening Statement by Sponsor:

SEN. EVE FRANKLIN, SD 21, Great Falls, said the bill was the result of the work of the Attorney General's office regarding the tobacco settlement money. However, before Montana could participate in the receipt of the money, mechanical and technical things at the state level had to be taken care of. She reported this bill was the enabling legislation which included the tobacco manufacturers who did not participate in the settlement with the "Big Four" tobacco companies. In order for Montana to receive money from the national settlement, it had to create an economic mechanism by which the non-participating tobacco companies paid into an escrow account. The reason for this was to protect the competitive market of the "Big Four".

The procedure is the non-participating companies will pay into an escrow account over a period of 25 years. They will keep the interest, but the principal will be maintained in escrow because they needed a level playing field, in terms of the market. Also, they needed ensurance of their solvency, should litigation occur.

Proponents' Testimony:

Joe Mazurek, Attorney General, said **SB 359** was very important in the overall context of the tobacco settlement. He used **EXHIBIT (phs31a08)** for the rest of his testimony. He said there would be amendments, because when the Legislative Council drafted the bill, they used stylistic language. After checking with the counsel for the tobacco companies, they discovered they needed the amendments to return the language to the original agreement.

{Tape : 2; Side : B; Approx. Time Counter : 0}

Chris Tweeten, Department of Justice, said **EXHIBIT (phs31a09)** contained excerpts from the Master Settlement Agreement. He also referred to **EXHIBIT (8)**, and explained the chart at the top of the second side. He said the purpose of **SB 359** was to ensure the companies which settled with Montana were not unfairly penalized in their competition, in the sale of cigarettes, with companies who chose not to settle. That would create an unfair economic advantage because they would not have to raise their prices in order to comply with the settlement. Under the settlement agreement, the payment structure required the companies, which settled with the state, to make a payment into the escrow fund every year. That payment would then be apportioned to the participating states, according to an allocation formula, which was set forth in the agreement. He reported if participating manufacturers lost a portion of their market share to the non-participating manufacturers, because of economic conditions,

there was a downward adjustment of the amount paid into the fund. He explained a downward adjustment was three percentage points of a payment for every one percentage point of lost market share.

Under the agreement, the first two percentage points of market loss was free; however, the second two counted for purposes of adjustment, at the rate of three percent for every one percent. That would mean their 2004 payment would be reduced by six percent, and states which would not have enacted bills, such as **SB 359**, would have to accept the entire burden of that reduction. He reiterated those facts to stress the importance of the legislature passing **SB 359**, enforcing it and sustaining it against Constitutional challenges. It made a bulletproof protection against the non-participating manufacturer adjustment, even if the market share loss occurred.

As for the amendments mentioned by **Attorney General Joe Mazurek**, he reiterated they submitted **Exhibit 9**, in its negotiated form, to the legislative drafting process and certain changes were made. This conformed **Exhibit 9** to the state's legislative drafting protocol. He said they had to ensure **SB 359** was a qualifying statute, which meant it should be essentially the same as **Exhibit 9**. They submitted a draft of **SB 359** to the counsel for the tobacco companies for their review and they returned a list of 55 amendments, which were needed to bring the bill back into compliance with **Exhibit 9**. He wondered if the Committee wanted those amendments individually, or would rather have a substitute bill.

{Tape : 2; Side : B; Approx. Time Counter : 8}

Mark Staples, Montana Wholesale Distributors, said they supported the bill and understood the ramifications of not passing it. He said there was a serious problem, though he was not sure it threatened market share, and that was the gray market. He distributed copies of **EXHIBIT(phs31a10)** and **EXHIBIT(phs31a11)**, and suggested the Committee and the Department of Revenue look into the problem, because tax revenues could be affected.

Nancy Ellery, Department of Public Health and Human Services (DPHHS), strongly urged support for the bill because there were many bills which were dealing with the tobacco settlement. They wanted to make sure they got everything they were entitled to get from everything which would eventually come.

Dennis Alexander, Montana Lung Association, said they also supported the bill for all the previously-mentioned reasons. He added it was important to get the money into the state, because the purpose of the lawsuit was to prevent youth from smoking and

to implement a long-term program to do that. He encouraged the passage of **SB 359**.

Arthur Dickhoff, American Cancer Society, said they supported the bill and asked for it to be passed.

Kelly Hubbard, Montana Senior Citizens' Association (MSCA), said they thought **SB 359** was a very good bill, and hoped the Committee would join them in giving it a favorable recommendation.

Opponents' Testimony: None.

{Tape : 2; Side : B; Approx. Time Counter : 14.2}

Questions from Committee Members and Responses:

SEN. DOROTHY ECK asked for clarification of her understanding it was more legislative style, than content, which was criticized. **Chris Tweeten** said they had their own ideas about punctuation and language usage and meaning. They also had a competent understanding of **Exhibit 9**, as they drafted it; however, he thought the changes made by the legislative drafters were not changes of substance, but were changes of style. The introduced form did not have the same level of competence as the negotiated form. The changes were important for the lawyers of the tobacco companies and they needed to be convinced this bill qualified under the agreement.

SEN. DUANE GRIMES asked if the market share measurement would be nation-wide, rather than state-by-state. **Mr. Tweeten** affirmed.

SEN. GRIMES suggested if the market shares were national, locally, the gray market would have a minuscule impact on the overall market share adjustment issue. **Chris Tweeten** agreed the gray market problem was a separate, though related, problem in the non-participating manufacturer issue. If someone was wholesaling cigarettes abroad, and returned to the U.S. to sell them without tax, it really was not a non-participating manufacturer issue.

SEN. GRIMES asked the same thing of **Mark Staples**, who said he agreed with his observation. However, it did affect tax revenues and was a nation-wide issue. It would be counter-productive to ensure settlement funds, but permit tax funds to dwindle.

SEN. GRIMES asked if national legislation was being considered. **Mr. Staples** said national legislation had been passed, but it would not take effect until 2000. California had legislation, which could be used as a model for this Committee.

SEN. BOB DEPRATU asked the Attorney General to get a copy, and **Joe Mazurek** concurred.

{Tape : 2; Side : B; Approx. Time Counter : 20.9}

SEN. JOHN BOHLINGER asked whether studies had been made regarding the decrease of the settlement, as far as actual dollar amounts were concerned. **Chris Tweeten** said only those states which did not have legislation, such as **SB 359**, would experience the loss.

SEN. BOHLINGER asked, since there were 55 amendments, would it be very difficult to bring the bill into compliance. **Mr. Tweeten** said the changes had been identified, and most of them, individually, were very minor. He was not sure which way would be easiest to deal with them, work with the amendments individually or draft a substitute bill. No matter what the Committee's decision was, they would be happy to work with them.

{Tape : 3; Side : A; Approx. Time Counter : 0}

CHAIRMAN AL BISHOP relinquished the chair to **SEN. DUANE GRIMES**, because he had to leave the meeting.

Closing by Sponsor:

SEN. EVE FRANKLIN said she had been aware of the amendment issue for a number of weeks and commented though the attorneys for the tobacco companies seemed rigid and ritualistic, it was necessary the language be very specific. She suggested going with the substitute bill and asked for the Committee's concurrence as quickly as it could be done.

HEARING ON SB 364

Sponsor: **SEN. DOROTHY ECK, SD 15, Bozeman**

Proponents: **Hank Hudson, Department of Public Health & Human Services**
Steve Yeakel, Montana Council for Maternal and Child Health
Kip Smith, Montana Primary Care Association
Claudia Clifford, Insurance Commissioner's Office
John Flink, Montana Hospital Association

Opponents: **None**

Opening Statement by Sponsor:

SEN. DOROTHY ECK, SD 15, Bozeman, said this bill would simplify the application form for the children's health insurance, whether it be Medicaid, Children's Health Insurance Program (CHIPs) or the Caring Program. The aim for all these proposals was to ensure the children of Montana had available health care, and for many, that meant having available insurance. She said a requirement of CHIPs was everyone who enrolled had to first be screened for Medicaid eligibility. Many thought the process for enrolling in Medicaid was too long (17 pages), too difficult and intrusive and made the family feel it really was applying for public assistance. She suggested in many ways, Medicaid was no more public assistance than CHIPs, or the Caring Program. It was suggested a directive be in place to have the Department begin working on this process immediately, and because Healthy Mothers, Healthy Babies had received a large grant, which called for a simplified procedure.

Proponents' Testimony:

Hank Hudson, Department of Public Health & Human Services

(DPHHS), said they supported the bill because its goal was to ensure Montana's low-income children had access to health care. The other purpose for the bill was to ensure the application process and form was not a barrier to getting that health care. He stated the issue that children could get health care as best they could through an application process was supported by DPHHS. He said their staff and people who provided the service around the state, were already coming to the office at 7 a.m. and staying after 6 p.m. in order to accommodate working families, i.e., they were already working hard to make the application process easier.

He reported there had been fundamental changes in health care for youth because now there were many vehicles for children to get health care. These vehicles needed coordination, and the Department needed an application process so when families filled out forms, they would know which vehicle was best.

Another phenomenon was when many people left Families Achieving Independence in Montana (FAIM), they also dropped their Medicaid for their children, and many of the children were still eligible. In other words, people were leaving public assistance, but they also were leaving health care coverage for their children. The Department did not want that to happen, but wanted a process which would work better; therefore, they supported the bill. However, he maintained every annoying thing in the application was there because of legislation, and for a public policy purpose which dealt with money, equity and fairness. A way would have to

be found to get people health insurance, yet get information required by law, which would not make people feel they would rather not have the coverage. He said a great source of irritation was not the disclosure of income, but of resources, including property, vehicles, boats, etc.

{Tape : 3; Side : A; Approx. Time Counter : 8.1}

Steve Yeakel, Montana Council for Maternal and Child Health, said they strongly supported the concept of this bill. He said Healthy Mothers, Healthy Babies had been awarded a \$1 million, three-year grant from the Robert Wood Johnson Foundation, to work on providing an adequate and appropriate level of care for children. The Robert Wood Johnson Foundation conspired, before CHIPS was a real thing, to try to do something which would help people in every state to do a better job in reaching needy children and providing available health services. The Foundation also supplied monetary resources to be used by states to coordinate then-existing health programs. This brief, elegant bill was a potential public policy decision, which would decide what family information would be required. They encouraged the Committee to look carefully and consider the best interest of the children it would serve; in fact, there was a great deal of cross-section community support and interest. He mentioned the Human Services Subcommittee was constantly looking for ways to simplify and streamline the process, and one thing was the number of eligibility systems. This bill would help that concern.

Kip Smith, Montana Primary Care Association, said they supported the bill, but the Department needed to streamline the process; in fact, they had worked with them for several years to try to accomplish that. He submitted for 10 years, the Department had a mandate from the Federal Government to provide out-stationed eligibility workers, Federally-qualified health center sites and disproportionate-shared hospitals. However, the efforts to work with the Department moved forward at a snail's pace.

Things they liked about **SB 364** included the goal to get a simplified application, and it was possible to accomplish because they had checked other states. Another positive thing was DPHHS was to coordinate education and outreach efforts with any organization performing education and outreach for any of the programs included in the form. He explained they sat on the CHIPS Advisory Committee and it was part of the CHIPS state plan that their members be used for outreach and education sites. They felt that was tremendously important, because it was estimated their members currently provided care to about 20-25% of the children who were eligible for CHIPS. Therefore, it was very important to them they be able to work in conjunction with

the Department to provide that education outreach and eligibility processing for CHIPS and Medicaid. He encouraged a DO PASS.

Claudia Clifford, Insurance Commissioner's Office, said they supported the concept of **SB 364**, because they got many phone calls from confused consumers on insurance issues. Their involvement in this process was their approval of the forms used by insurance companies; therefore, they lent their support to the Department's process.

{Tape : 3; Side : A; Approx. Time Counter : 14.5}

John Flink, Montana Hospital Association (MHA), said they also supported the bill because they saw many uninsured children in their facilities. Their members were undertaking a variety of projects to expand coverage to provide care to these people, and were looking forward to working with DPHHS to provide CHIPS on a broad scale. Their members felt the application process was a barrier and were looking forward to its being streamlined.

Opponents' Testimony: None.

Questions from Committee Members and Responses:

SEN. B.F. "CHRIS" CHRISTIAENS asked if the ultimate length of the application would be about eight pages. **Hank Hudson** said he would not speculate on its length; however, it was a good point to separate the food stamp and TANF (Temporary Assistance to Needy Families) application. That would reduce the length by a few pages.

SEN. CHRISTIAENS said one of the selling points of FAIM (Families Achieving Independence in Montana) was the ability to "pick and choose" what they needed. **Hank Hudson** said he felt technology would not necessitate a person writing his or her name over and over, i.e., once information was in the system, that would be the last time people would have to list their names, addresses, etc.

SEN. SUE BARTLETT asked what was needed to delete the legal requirements which were put in place by the legislature. **Hank Hudson** said most of what the application was a Federal requirement; however, the direction they could be headed was an applicant answering a dozen questions, for example, which would clearly indicate he or she did not need the program. In other words, by answering a small number of questions, a person would get to the right spot.

SEN. EVE FRANKLIN commented one of the reasons for having a separate food stamps form was to make people aware it was

available. **Hank Hudson** said part of the Robert Wood Johnson vision was people in the health care broker community, as they worked with people with needs, would inform them of the various programs available. He agreed they also needed to make the programs easier to access.

Closing by Sponsor:

SEN. DOROTHY ECK said she had samples of forms from about 20 other states, and almost all of them were more simple than those in Montana. She suggested using the current CHIPS form as a model from which to work, and build the things which were required for Medicaid. They looked at the statutes for resource testing, and it was pretty broad; therefore, they could provide a fairly simple statement. She felt there would be objections if people were receiving Medicaid at the same time they owned a \$100,000 motor home and big sail boat, for example. The current form asked questions about food stamps, energy assistance and other individual programs. She noticed some of the forms from other states had places to check if the applicant was interested in information on other assistance programs, or if they were state employees. She maintained it would be possible to design a simple plan which would not put people off.

She said this, in connection with the Outreach in Education Program, was important because when CHIPS was discussed in her local community, there was a collaborative group which was ready and eager to educate the public. It made a difference if the children were insured, and this was one way to do it.

She said the amendment **EXHIBIT (phs31a12)** made sure the "My Child" program was referenced. That program was available for parents who were required to provide child support, because part of that child support was insurance.

ADJOURNMENT

Adjournment: 5:25 P.M.

SEN. AL BISHOP, Chairman

MARTHA MCGEE, Secretary

JANICE SOFT, Transcriber

AB/MM

EXHIBIT (phs31aad)